

Message Text

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17

ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

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P R 201050Z NOV 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 1555

INFO AMEMBASSY BANGKOK

LIMITED OFFICIAL USE VIENTIANE 8570

E.O. 11652: N/A

TAGS: ECON, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (NOV 13-19)

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS WEEK ENDING NOV 16 WAS \$636,000. THIS AMOUNT ABOVE PREVIOUS WEEKLY AVERAGE OF \$504,000 SINCE INITIATION OF FX CONTROLS IN AUGUST, BRINGING THE NEW WEEKLY AVERAGE UP TO \$513,000. THIS RATE IS STILL BELOW WEEKLY RATE (\$751,000), WHICH WOULD HAVE EXHAUSTED ANTICIPATED FX RESOURCES FOR THE REMAINDER OF CY 1974 AFTER ALLOWING FOR A \$1,000,000 FEOF CARRY-OVER INTO 175.

2. THE FREE MARKET EXCHANGE RATE DECLINED MODERATELY DURING LAST WEEK. ON NOV 20 MERCHANTS AND OTHER FX DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,220 KIP PER DOLLAR AND SELLING FOR 1,240 KIP PER DOLLAR. THE RESPECTIVE RATES ON NOV 13 WERE 1,280 AND 1,300. INCREASE IN PRECEDING WEEK MAY HAVE BEEN PARTLY DUE TO TEMPORARY NERVOUSNESS FOLLOWING ISSUE OF HIGHER DENOMINATION NOTES (5,000 KIP). BAHT WAS BEING BOUGHT FOR 6,000 KIP PER 100 BAHT AND SOLD AT 6,100 KIP.

3. USAID COST-OF-LIVING INDEX FOR VIENTIANE ROSE DURING LIMITED OFFICIAL USE

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PAST WEEK, REFLECTING PRICE INCREASES IN BREAD, RIVER

FISH, DUCK EGGS AND SOUP POWDER WITH VEGETABLE PRICES
MIXED. USAID INDEX ON NOV 18 SHOWS FOLLOWING CHANGES:
PERCENTAGE INCREASE SINCE
NOV 11 JULY 17 END 73
GENERAL INDEX (100 PERCENT) 1.6 17.1 56.7
RICE INDEX (20 PERCENT) -0- 13.6 57.4
NON-RICE INDEX (80 PERCENT) 2.0 18.1 56.5

4. THIRD ECONOMIC MISSION HEADED BY MINISTER OF ECONOMY
SOTH PHETRASY LEFT VIENTIANE NOV 14 FOR VISITS TO SEVERAL
EAST EUROPEAN AND SCANDINAVIAN COUNTRIES (SEE
VIENTIANE 8511). LOCAL PRESS REPORTS THAT YUGOSLAVIA
(FIRST COUNTRY VISITED) WILL SUPPLY LAOS WITH
PHARMACEUTICALS AND TEXTILES. REPORT ALSO MENTIONS
AGREEMENT ON WIDE-RANGING ECONOMIC COOPERATION, BUT
NO FURTHER DETAILS HAVE BEEN MADE AVAILABLE THUS FAR.

5. MEKONG COMMITTEE (MCC) 67TH SPECIAL SESSION WAS HELD
IN VIENTIANE NOV 6-11, AND REVIEWED STATUS ALL MCC
PROJECTS, PROJECT PROPOSALS, PRE-FEASIBILITY AND
FEASIBILITY STUDIES UNDERWAY, AND PROJECT IMPLEMENTA-
TION UNDERWAY. MEETING NOTED THAT, AS A RESULT OF
COST ESCALATIONS, AN ADDITIONAL \$6 MILLION WILL BE
REQUIRED TO COMPLETE NAM NGUM PHASE II. VIENTIANE-
NONGKHAI BRIDGE MAY YET BE REALIZED AS THAILAND HAS
MADE PRELIMINARY COMMITMENT TO PROVIDE HALF COST
OF TWO-LANE BRIDGE, WITH CAPACITY TO ADD ONE
RAIL TRACK.

6. DECONTROL FOLLOWING 11/20/75.
WHITEHOUSE

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